

**Although these are our current payment processing procedures, the Treasurer is seeking information on new and innovative solutions.**

<b>Question #</b>	<b>RFP Section</b>	<b>Question</b>	<b>Response</b>
1	2.0	Please clarify the difference between the question in the 2nd and 4th bullets on this page.	The 4 <sup>th</sup> bullet will not be applicable for this RFI.
2	2.0	Please clarify the scope of services included in the 3rd bullet on this page. Is this limited to the types of Payment Processing services as discussed in the 1st bullet on the page?	The Treasurer is seeking information on new payment processing opportunities related to paper checks. These new opportunities may require different accounting practices or other business requirements the Treasurer would need to consider when using an RFP for these services.
3	5.0	The numbering jumps from 5.4 to 5.8. Are there questions missing or are these numbered questions intentionally missing?	The questions were numbered incorrectly.
4	7.3	In the 3rd paragraph, the average volume of deposits per day is "xx". Can you provide an average?	The Secretary of State deposits an average of 40 cash deposits each day in Chicago.
5	8.0	Please clarify what you mean by processing, "...ACH transactions on an outsourced basis."	If the RFI responses include solutions for check conversion or recurring payments, the Treasurer is requesting responses to this information related to the origination of the ACH transaction.
6	4.0	Please verify the due date. Section 4.1 lists the due date as September 26. Section 4.3 lists the due date as September 29.	The RFI responses are due on Monday, September 29 <sup>th</sup> , 2008 at 2:00 p.m.

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7		Please provide a detailed endpoint analysis of all check items currently deposited from each location site.	See Attachment A. <b>PLEASE NOTE: "Attachment A" will be posted to our website by 4:00 p.m. on Monday, September 15, 2008.</b>
8	7.1	Deposit Ticket Capture section: Please clarify the number of deposit locations that will require deposit tickets with the four digit agency number in the MICR line field.	Springfield – 76 locations – 455 accounts  Chicago – 40 locations – 135 accounts
9	7.2	Illinois Department of Revenue : Are separate deposit slips prepared by IDOR for cash and checks?	The majority of the Department of Revenue's deposits are separated for cash and checks. There are less than five deposits each day that include both checks and cash.
10	7.3	Can you provide a listing of locations, with addresses, for the Secretary of State (SOS), and other agencies, that accept cash and/or checks? Can you provide the average amount of cash deposited, per location? Can you provide the average number of cash bills?	For the entire State Treasurer's relationship with the contract bank, the following is a breakdown of the cash denomination for FY07:  Standard - Fed Strap 1,566,700  Non Standard – Fed Strap 2,626,889

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11	7.3	For the SOS, what is the current channel used for sending the cash and checks to the bank? For example, are you having an employee bring them directly to the bank, or an armored carrier ship them directly to the bank, or to a centralized cash vault, or to an item processing center?	<p>In Springfield, the SOS deposits are delivered to the bank by a courier service provided by the bank.</p> <p>In Chicago and surrounding suburbs, the SOS has contracted with a courier service for transportation to the financial institution's downtown item processing center.</p> <p>For the other large metropolitan area (Moline, Peoria, Bloomington, and Champaign), the SOS deposits are couriered to the item processing center in Davenport, Iowa.</p>
12	7.2	The document indicates that the Illinois Department of Revenue requires a branch in Springfield, Illinois. What is the branch used for by the IDOR? If we can propose a solution, that does not require the use of a brick and mortar facility in Springfield, would the Office of the Treasurer consider that solution?	Yes – the Treasurer will consider all solutions for the services outlined in the RFI.
13	7.2	The document states that the IDOR will be implementing a new system for remittance processing, in the near future. Will this system have the capability of sending an image file in the check 21 specifications?	Yes – IDOR has purchased equipment and software with the capabilities of sending an image cash letter file to a financial institution.
14	7.2	For the IDOR, is it possible to allow check and cash to be separated in the deposits?	Currently, IDOR has a very small volume of deposits (less than 5 per day) that include both checks and cash. The Treasurer's Office would need to discuss this in more detail with IDOR before committing to separated deposits of checks and cash.

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15		Is your current process handled by one or multiple financial institution(s)? If so, who is/are the financial institutions? Will you consider selecting more than one financial institution for this request?	The current process is handled by one institution – JPMorgan Chase. The Treasurer's Office will consider all possibilities which provide the most economical and efficient manner for handling payment processing services.						
16	7.1	The RFI states that after receiving all of the deposits from the various state agencies that "A copy of the deposit ticket is validated and returned to the state agency. What does validating the deposit refer to, and who performs the validation? Is validating referring to a process where the individual items in the deposit batch are balanced back to the deposit ticket? It seems that the checks are not picked up by the courier and taken to the FI until after the deposit is validated; however, based on the earlier portion of this paragraph, it seems that the Treasurer's Office does not perform any deposit balancing. Please explain what is meant by validation.	<p>At the Treasurer's Office in Springfield, a staff member of the Banking Division stamps two copies of the deposit ticket and returns it to the agency.</p> <p>The deposits received at the Treasurer's Office in Springfield are not balanced to the deposit ticket. They are recorded on a manifest which is included in the deposit tray each day. The manifest provides individual deposit details which include the agency code and deposit ticket.</p>						
17	7.1	Please provide a breakdown of encoded and unencoded check volumes by Chicago City, Chicago RCPC, and other Fed Districts	<p>We are able to provide the following information on check volume breakdown for the entire relationship:</p> <table><tr><td>On-Us</td><td>1,451,695</td></tr><tr><td>Local City/Local RCPC</td><td>8,947,788</td></tr><tr><td>National FRP Other</td><td>3,471,519</td></tr></table>	On-Us	1,451,695	Local City/Local RCPC	8,947,788	National FRP Other	3,471,519
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18	7.1	How often and at what times are deposits picked up by the couriers for delivery to the depository institution? And, on a typical day, what portion of the total daily deposits (items & dollars) is associated with each pick-up?	<p>The following schedule is currently in place today in Springfield for deposit pickup by the contract bank:</p> <p>IDHFS            10:30 a.m.  SOS-Spfld.       3:15 p.m.  Treasurer       3:30 p.m.  IDOR              4:00 p.m.</p> <p>100% of the total daily deposits are picked up at each site. At this time, the Treasurer's Office is not able to provide the dollars associated with each pickup. This information has been provided in response to other questions.</p>
19	7.1	Are all the checks received by the Treasurer's Office deposited at a financial institution located in Springfield, or are some checks couriered to Chicago and deposited in Chicago FI?	<p>The Springfield deposits are couriered via air to Indianapolis for processing and deposit. Chicago deposits are processed at the Chicago item processing center. Secretary of State deposits in other large metropolitan areas (Moline, Peoria, Bloomington, and Champaign) are land couriered to Davenport, Iowa for processing. Secretary of State deposits in Rockford and Joliet are couriered to the Chicago item processing center.</p>
20	7.1	What is the current cut-off time for receiving same day credit at the depository FI in Springfield? If checks are couriered to Chicago, does the Chicago FI have a different cutoff time than Springfield? If so, what is that cut of time in Chicago?	<p>All deposits picked up in Springfield and Chicago are credited to the accounts on the same business day and the cutoff time for Chicago and Springfield is 5:00 p.m.</p>

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21	7.1	What is the range of the typical pre-determined balances maintained at the depository institution for returns and deposit adjustments?	The Treasurer leaves \$100,000 to cover check returns and deposit adjustments. During peak processing periods, this amount is increased to \$150,000. The accounts are pegged to sweep the collected balance in excess of \$25,000 after all transactions have been processed and posted to the accounts.
22	7.1	What are the procedures for Chicago area agency offices that receive payments? Do any of those payments go to the 300 W. Jefferson, Springfield site?	Chicago area agency deposits can be made at any Chicago branch or at the main bank processing center. To our knowledge, deposits are not sent to Springfield from the Chicago area.
23	7.1	Would they send them to a State Treasurer's processing location in the Chicago area, or would the agency Chicago offices send their deposits directly to an FI in Chicago?	The Chicago agencies deposit directly to Chicago branches or at the main branch downtown. The Chicago deposits are made either in person or via courier paid for by the agency. The Springfield agencies deposit to a Springfield branch or at the State Treasurer's Office. The contract bank provides courier service in Springfield for the Department of Revenue, Secretary of State, State Treasurer and Healthcare and Family Services.
24	7.1	How many depository bank accounts will be required?	The Treasurer will require two demand deposit accounts for payment processing services.
25	7.1	Are we correct in assuming that the "Clearing Accounts" referred to in this paragraph are not individual bank accounts, but rather sub-accounts that are maintained on the Treasurer Office's internal system	Yes – The Treasurer maintains over 500 internal clearing accounts which are a sub set of our general ledger system.

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26	7.1	In the 4 <sup>th</sup> paragraph, the RFI states that "the deposits of the following state agencies are couriered to the current financial institution processing centers business day", but there is no subsequent listing of these agencies. Could you please provide that listing?	The agencies deposits that are couriered to the processing centers are:  <b>Springfield</b> Illinois Department of Revenue Secretary of State Department of Healthcare and Family Services Illinois State Treasurer's Office
27	7.1	Are the volumes of the state agencies sending their deposits directly to the FI included in the total volumes provided in the RFI? If not, what are they?	Yes they are included.
28	7.1	Please clarify what is meant by "deposit of cash on site at several state offices". Is cash being held in these offices?	The Secretary of State has 135 drivers' license facilities throughout the state. These facilities receive checks and cash for services provided to taxpayers. The Treasurer is seeking a more cost efficient way for the SOS to handle cash. Cash is being held in the facilities until it is reconciled for deposit.
29	7.1	What is meant by the total volume of cash deposits of these sites of 29,515? Were there 29,515 individual cash deposits, or is the cash value of the deposits \$29,515?	During FY07, there were 29,515 separate cash deposits credited to the Treasurer's accounts.
30	7.2	Are cash and check segregated into separate deposits?	The IL Department of Revenue has less than 5 deposits per day where checks and cash are combined. These deposits are processed at the cashier windows in Springfield and Chicago. The remainder of IDOR deposits is segregated.

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31	7.2	What is meant by the "integrity of the combined check/cash deposits essential to IDOR processing, and what is required of the FI to maintain this integrity?	In the combined deposits, IDOR requires the deposit to be credited for the amount on the deposit ticket. If there is an error in the check or cash, the financial institution must ensure the adjustment be made specifically to the payment type. For example, if the cash is short and a check is encoded wrong, there must be two separate adjustments made to the Treasurer's account for the errors.
32	7.2	In Springfield, does IDOR deliver its deposits to the Illinois State Treasurer's Office at 300 W. Jefferson, or do these deposits go directly to the FI. If they go to the Treasurer's Office, are they delivered there by the bonded carrier referred to in the 3 <sup>rd</sup> paragraph?	In Springfield, the deposits go directly to the financial institution via a courier provided by the institution.
33	7.2	Where is the pick-up site that the bonded carrier picks-up these deposits?	See answer to Question 26 above.
34	7.2	Is the intent to use this new equipment to create image cash letters?	The IL Department of Revenue plans to implement new equipment with the intent of having the ability to scan full and partial source documents as well as checks and create image cash letters.
35	7.3	Are cash and checks segregated into separate deposits?	The Secretary of State segregates cash and checks into separate deposits.
36	7.3	Are the Chicago check deposits encoded?	No – the Chicago check deposits for the Secretary of State are not encoded.



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37	7.3	How many checks and how many check deposits are there for Chicago?	We are not able to provide a break down of this information specifically for the Secretary of State. In FY07 for Chicago, there were 3,112,623 checks deposited for the entire relationship which represents 33,258 individual deposits and is an average of 2,772 deposits per month. In Springfield, there were 10,758,379 checks deposited for the entire relationship which represents 57,441 deposits and is an average of 4,787 per month.
38	7.3	How many Cash deposits each day?	<p>In FY07, there were 18,673 Chicago cash deposits or an average of 1,556 per month. In Springfield, there were 3,964 cash deposits or an average of 330 per month. On average, the Secretary of State deposits \$375,000 per day from their facilities in Springfield, Champaign, Peoria, Bloomington, Moline and Chicago and surrounding suburbs.</p> <p>The following is a breakdown of cash bill (Non-Standard) and cash bundles (Standard) for the entire relationship for FY07:</p> <p>Standard - Fed Strap – Spfld. 19,000</p> <p>Standard - Fed Strap – Chicago 1,547,700</p> <p>Non Standard – Fed Strap – Spfld. 396,920</p> <p>Non Standard – Fed Strap - Chicago 2,229,969</p>

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39	7.3	Are there any cash deposits in Springfield?	Yes – please see breakdown in Question #38.
40	7.3	Is the courier picking up and delivering the checks and cash an armored carrier?	In Springfield, the courier is picking up all check deposits from the Secretary of State's Office. In Chicago, the Secretary of State contracts with a courier service to pickup check and cash deposits for delivery to the Chicago processing center.
41	7.3	Does the SOS plan to move to image cash letter?	The SOS has expressed interest in processing checks in a more efficient manner.
42	7.3	Please confirm that the due date for responses is Monday September 29 <sup>th</sup> at 2:00 p.m.	The RFI responses are due on Monday, September 29 <sup>th</sup> , 2008 at 2:00 p.m.
43		Who serves as the current depository for the State Treasurer?	JPMorgan Chase is the current depository.
44		When does the current contract expire?	June 30, 2009
45		When do you anticipate releasing an RFP for Payment Processing Services?	The Treasurer anticipates the release of the RFP in mid to late October.

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46		Does the State Treasurer's Office currently accept and convert checks electronically? If so, what service provider and what hardware and/or software is used (please provide 1-3 months of statements)?	We are not accepting and converting checks electronically today.
47		Does the State Treasurer's Office accept checks in person as well as in the mail?	Yes – The Treasurer and the state agencies accept checks in person and via US mail.
48		Does the State Treasurer's Office require the capability of scanning remittance documents along with the checks? What are the sizes of the remittance documents?	This RFI is being issued as a fact finding tool to provide us with information which will assist us in determining if other payment processing methods would be beneficial and cost effective to the State of Illinois. We would be interested in receiving information on this capability. We do not have specifics related to the size of remittance documents to provide at this time.
49		How many checks does the State accept monthly and what is that total dollar volume?	In FY07, there were 13,871,002 checks deposited or 1,155,917 monthly. In FY07, the total dollar volume of check/cash deposits, ACH credits and wire transfers totaled \$12,171,779,775.
50		What is the average dollar amount of checks accepted by location?	The Treasurer is not able to provide this information by location.
51		By department, what is the percentage breakout between consumer and business checks?	The Treasurer is not able to provide this type of breakdown. Please see the answer to Question #17 for the breakdown of the end points.
52		What is the annual number of returned checks and dollar volume?	In FY07, there were 37,045 return items totaling \$28,556,088.34.

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53		In how many locations would the State Treasurer's Office like to utilize electronic processing for checks?	Please see answer to Question #48 above.
54		Does the State Treasurer's Office want a service that will only convert checks to ACH or would it be interested in a system that will verify and/or guarantee funds?	Please see answer to Question #48 above.
55		Do you currently use a third party check service? If so, who is the provider of this service?	No
56		Can you clarify what is meant by the question of processing ACH transactions on an outsourced basis?	If the RFI responses include solutions for check conversion or recurring payments, the Treasurer is requesting responses to this information related to the origination of the ACH transaction.
57		So as to provide an accurate estimation, could you please estimate the number of locations that would potentially require a check scanner?	The Treasurer is not able to provide this information at this time. Please see answers provided in Question 8 above for the number of current locations.
58		Is the State Treasurer's Office looking to convert checks to ACH in conjunction with Image Cash Letter Files? If so, is the state planning on creating the NACHA file for clearing or rather would the State prefer a solution that would decision the items?	Please see answer to Question #48 above.
59		How are each of the different departments currently depositing?	Please see Section 7.0-7.4 and the answers to the questions in this document.

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60		<p>Can you please clarify the preferred method of information inquiry and what specific information is referred to in the below question?</p> <p><i>6.1 Research and Information Retrieval</i> The selected Respondent should provide information concerning the most efficient method of information retrieval and research. The selected Respondent should provide information on research ability including, but not limited to, turnaround time.</p>	<p>The Treasurer requires the ability to research on the transactions in the demand deposit accounts as well as request research related to debit/credit adjustments, check photocopies and return items.</p> <p>The Treasurer is requesting a response which provides the best solution to receive this information. Currently, we use web based systems for retrieving account activity and research inquiries.</p>
61		<p>7.0 -Frequency and Formats of Accounting Transaction data to be provided. Can you please explain what is to be contained in this transaction data? Is this item level detail or deposit level? Is there more information than the amount of the deposit and location in this file? Is a BAI file being utilized to accomplish this?</p>	<p>The Treasurer requires the ability to retrieve a BAI export of transaction details in the demand deposit accounts. The Treasurer does not require item level detail within a deposit for accounting. However, if an adjustment is made to a deposit, the Treasure may request a detailed items listing to assist the agency in resolving the adjustment. For ACH credits, the Treasurer requires the CCD and CCD+ addenda information to be passed through to the demand deposit account transaction posting. The Treasurer provides the state agency with the addenda information to pass on to their clients. The addenda information is two alpha characters and four numeric plus the payor name. For wire transfer credits, the Treasurer requires all reference information within the wire to be passed through to the demand deposit account transaction posting.</p>

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62		Is the Illinois Department of Revenue looking for an ROC solution or an Image Cash letter solution? Is implementation being considered prior to 2009 when the new equipment is received?	Please see answers to Question #13 and #34 above.
63		The State Treasurer's Office requests a standard pricing schedule. Is the intent to procure pricing that would potentially be offered to the State Treasurer's Office and agencies in a proposal? Will this pricing schedule be utilized in short-listing for a future RFP?	The Treasurer's Office is requesting standard pricing related to the solutions provided in your response. We may use this information in formulating a cost structure for the RFP.
64		What is the likelihood for the recommendation and potential deployment of similar solutions to other State agencies as a result of the State Treasurer's Office analysis?	The Treasurer's Office is seeking to find a menu of options to offer State agencies to provide them with economical and efficient methods for processing payments received in their offices. We hope to be able to utilize economies of scale to provide agencies with cost effective solutions.